

FINANCES - 104 - 1980

IMPERIAL OIL LIMITED

111 St. Clair Avenue West, Toronto, Canada

M5W 1K3

CHAIRMAN AND CHIEF EXECUTIVE

BUSINESS INFORMATION
CENTRE

JUL 8 1981

IMPERIAL OIL LIMITED

November 6, 1980

Dear Shareholder:

Since the federal budget was announced I am sure that you have been wondering about some of its likely effects on Imperial's operations. Bearing in mind that many areas still require clarification, I am writing to offer you my initial reaction.

We are naturally disappointed by the overall thrust of the budget and certainly the government's new approach to the petroleum industry may well result in changes to some of our existing plans. But we are confident of this company's ability to adjust to changing conditions, as it has done many times before.

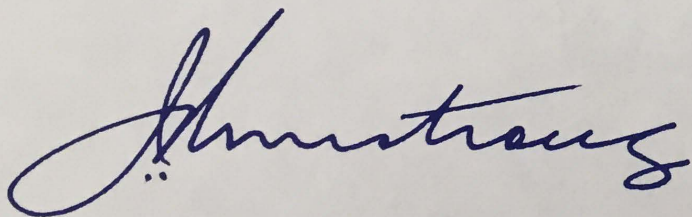
Obviously one of our areas of greatest concern is the future of the Cold Lake oil-sands project, which faces delays as a result of disagreement between the Alberta and federal governments. I am encouraged, however, by the fact that both Premier Lougheed and Prime Minister Trudeau have acknowledged the great importance of Cold Lake and other oil-sands projects to Canada's energy future and I personally find it difficult to believe that the governments concerned will not be able to resolve their differences, so that Canada can move toward reducing its dependence on foreign sources of oil.

Some of the government's new policies are bound to affect our future activities. They will reduce revenues for the petroleum industry as a whole and establish a new system for exploration incentives, based on the degree of Canadian ownership in oil companies, which may put Imperial at a disadvantage. These measures will reduce the amount of money available for re-investment and require the company to be more selective in its choice of new ventures; however, we will continue to be active in petroleum exploration and production. Canada is a country that possesses great potential for further petroleum discoveries and no company is better placed than Imperial, with its managerial, financial and technological capabilities, to take advantage of these opportunities.

A number of areas in the government's new policies require clarification. We will want to know, for example, exactly what constitutes a "Canadian" company. As far as citizenship is concerned, I cannot think of a more "Canadian" company -- one that has done more for Canada or acted more in Canada's national interests than Imperial. It is a company with over 15,000 Canadian employees, 41,000 Canadian shareholders, a Canadian board of directors and a history of serving this country well for 100 years. Imperial's long and honorable record of good corporate citizenship is one of which all shareholders can be extremely proud.

I am personally confident that common sense and a common concern among all Canadians for the future wellbeing and energy security of our country will bring the current energy dispute to a satisfactory conclusion. In the meantime, be assured that as Imperial Oil enters its second century, your company will continue to play a vigorous and productive role in Canada's energy future.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "J. Munro". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.